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FISCAL IMPACT STATEMENT

LS 7088 **NOTE PREPARED:** Jan 9, 2004
BILL NUMBER: SB 476 **BILL AMENDED:**

SUBJECT: Taxation.

FIRST AUTHOR: Sen. Lutz L **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL** **IMPACT:** Local
DEDICATED
FEDERAL

Summary of Legislation: This bill allows taxing units to use "banked" property tax levies in the calculation of maximum levies. It excludes the part of a taxing unit's levy that is attributable to banking of unused maximum levies from the computation of Property Tax Replacement Credits and Homestead Credits.

Effective Date: July 1, 2004.

Explanation of State Expenditures: This bill would have no effect on the amounts paid for Property Tax Replacement Credits (PTRC) or Homestead Credits. Any additional amounts levied under this proposal would be excluded from the calculations used to compute these credits.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, as amended by SEA 1 (2004), maximum levies of civil taxing units, the county Family and Children Fund, and the county Children's Psychiatric Services Fund are equal to the previous year's actual levy (of funds subject to the maximum levy) multiplied by the annual growth factor. The current law removed the previously unused portion of maximum levies and eliminates any "banking" of unused levy authority in the future.

Beginning with taxes payable in 2005, this bill would return the maximum levy computation for civil taxing units, the county Family and Children Fund, and the county Children's Psychiatric Services Fund to a formula similar to the one in force before SEA 1 was enacted. Specifically, the maximum levy for a year would be equal to the growth factor multiplied by the greater of (1) the previous year's maximum levy or (2) the previous year's actual levy.

The new formula would use CY 2004 levies and maximum levies as its base. Therefore, the "banked" or unused maximum levies that were eliminated in 2004 would not be restored by this bill. The bill would, however, keep any future unused maximum levy authority from being eliminated and allow a taxing unit to impose a levy in a later year that uses any or all of the authority banked after 2004.

The fiscal impact in each taxing unit would depend on (1) the amount of maximum levy limit that goes unused each year and (2) the future tax levy needs of that unit. It is assumed that this bill would have little impact initially.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: All local civil taxing units.

Information Sources:

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